Statement II

Names of Indian Public Sector Banks having Overseas Branches

Sl. No.	Name of the Bank
1	State Bank of India
2	Indian Overseas Bank
3	Bank of India
4	Bank of Baroda
5	Indian Bank
6	UCO Bank
7	Canara Bank
8	Syndicate Bank

Interest Rates on Deposits

1502. SHRIMATI VEENA VERMA:
SHRI RAJNI PANJAN SAHU:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Reserve Bank of India has lately cut the lending rates as also the rates on deposits including small savings; if so, to what extent;

(b) whether this has adversely affected the savings especially small saving through Banks and Financial Institutions;

(c) the extent to which it has helped the industry the small enterpreneurs, the farmers and oher focus groups by way of credit; and

(d) what are its adverse affects on the common depositors of Banks and Financial Institutions ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) The structure of interest rates of Commercial Banks is determined by Reserve Bank of India (RBI) taking into about a number of factors like the growth rate of economy and its sub-sectors, the rate of inflation, the pace of monetary expansion, the cost of raising resources by banks, the profitability of the banks etc. Keeping in view the above factors, RBI revises the interest rates structure from time to time. As per directive issued by RBI to commercial banks, effective 2nd September, 1993, interest rates for maturity of 46 days to 3 years and above were reduced by 1 percentage point from 'not exceeding 11.0 percent per annum' to not exceeding 10.0 per cent per annum. The rate has also been reduced by 1 per cent point from 6.0% to 5.0% effective 1st July, 1993 in respect of Saving Banks Deposits. The lending rates of commercial banks were also reduced as indicated below:—

Rate of Interest (%P.A)

Size or limit of Advances	Upto 1-9-93	Revised rates effective 2-9-93
(*i*) For over Rs. 25,000 and and upto Rs. 2 lakhs	16.0 (Fixed)	15.0 (Fixed)
(*ii*) Over Rs. 2 lakhs	16.0 (minimum)	15.0 (minimum)

(b) to (d) RBI has reported that the lowering of deposits rate might not adversely affect the savings. As per information, received from RBI, aggregate deposits of commercial banks have shown a rise of Rs. 23,504 crores as at the end of 12th November, '93, during the current financial year as against a working estimate of deposits growth of Rs. 39,000 crores for the full year. The time deposits with banks also rose by Rs. 23,576 crores during the current financial year so far. However, the growth in net non-food credit of commercial banks in the current financial years so far upto 12th November, 1993 was low of Rs. 505 crores due to number of factors such as comfortable liquidity position of the corporate sector, gradual reduction in inventory built-up, easy access to suppliers credit abroad, sharp sprut in issue of commercial papers by a large member of companies etc.